public to easily identify the genuineness of the notes as also to deter counterfeiting.

Black Money

1189. SHRI DIPANKAR MUKHERJEE: SHRI
CHITTABRATA MAJUMDAR:

Will the Minister of FINANCE be pleased to refer to answer to Unstarred Question 2004 given in the Rajya Sabha on the 10th December, 2002 and state:

(a) the measures suggested by Central Vigilance Commission for controlling black money generated in the country by evasion of taxes; and

(b) the steps taken by Government on the suggestions?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The Central Vigilance Commission during February, 2001 had suggested about amendment of the Income Tax on the principle of 'Zero' exemption to eliminate the scope for corruption and to enhance revenues. It had further suggested simplification of Customs and Excise Act based on the principle of zero discretion. The Commission also advocated that advance ruling must become a regular part of the system so that the precise rate of duty is known well before actual imports/ exports on movement of goods to the ports.

(b) The Government has been taking necessary legislative, fiscal and administrative measures from time to time to prevent generation of black money which include review of laws and procedures for their simplification and rationalization, comprehensive computerization aimed at greater efficiency and transparency, broadening the tax base and eliminating the scope for discretion and litigation, etc. Moreover, the review of the Income-tax Act and Customs and Central Excise Act is an ongoing exercise and is carried out every year as a part of the budgetary process.

Utilisation of Foreign Exchange Reserves

†1190. SHRI UDAY PRATAP SINGH:
PROF. M.M. AGARWAL:

Will the Minister of FINANCE be pleased to state:

(a) the total foreign exchange reserve in the country as on 30th November 2004;

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†Original notice of the question was received in Hindi.

(b) the rate of interest being received by Government on the above reserve each year;

(c) whether Government have taken any decision to sanction amount out of this foreign exchange reserves for infrastructure development in rural areas of the country; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) India's total foreign exchange reserves stood at US$ 128.23 billion on November 30,2004.

(b) The rate of earnings on foreign currency assets and gold stood lower at 2.1 per cent in 2003-04 as against 3.1 per cent in 2002-03 mainly on account of lower money market interest rates in major countries, on the one hand, and a fall in prices of securities due to rise in longer term yield, on the other.

(c) and (d) Any decision to utilize a part of foreign exchange reserves for funding domestic projects requires careful assessment *inter alia,* of the impact of such a measure on the fiscal situation, money supply, exchange rate, domestic interest rates, reserve adequacy and inflation.

Representation against imposition of Income Tax

3191. SHRI LEKHRAJ BACHANI:

PROF. ALKA BALRAM KSHATRIYA: Will the

Minister of FINANCE be pleased to state:

(a) whether the Agriculture Product Market Committee and State Governments have represented against the imposition of income tax on the said Committee for the assessment year 2003-04; and

(b) if so, the final decision of the Central Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) The State Governments have been advised that considering the need to phase out all exemptions inconsistent with a moderate tax regime, **a** policy decision was taken through the Finance Act, 2002, to define the term "local authority" under section 10(20) of the Income-tax Act and thereby restrict the exemption to Panchayats, Municipalities, Municipal Committees, District Boards and Cantonment Boards. Agricultural Marketing Boards and the Market Committees do not fall within the definition and are, therefore, not eligible for tax exemption under this section.